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Message Text

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CEA-02 L-03 H-02 CIAE-00 COME-00 FRB-02 INR-10

NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01 SAL-01 PA-03

PRS-01 USIA-12 IO-12 IGA-02 AGR-20 RSR-01 /209 W
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TO SECSTATE WASHDC 9247

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E. O. 11652: N/ A
TAGS: EAID EFIN US BG PK
SUBJ: INTERNATIONAL MEETING ON BANGLADESH

SUMMARY: FOLLOWING REVIEWS HIGHLIGHTS MARCH 31 SESSION INTERNATIONAL MEETING. FINANCE MINISTER OPENED MEETING WITH LACK- LUSTRE SPEECH CONTAINING NO SURPRISES. DEPUTY CHAIRMAN PLANNING COMMISSION (PC) FOLLOWED WITH SMOOTH PRESENTATION. SPEECH NOTABLE BECAUSE: (A) HEAVY EMPHASIS GIVEN TO FAMILY PLANNING AND (B) LACK OF ANY MENTION OF DEBT WHICH MIGHT HAVE ATLEAST PARTIALLY DE- FUSED DIFFICULT SITUATION. COUNTRY STATEMENTS ARE REVIEWED BELOW ACCORDING TO MAJOR THEMES. END SUMMARY.

1. ADDRESS BY FINANCE MINISTER.
A. TAJUDDIN AHMED, MINISTER OF FINANCE, OPENED " INTERNATIONAL CONFERENCE ON DEVELOPMENT OF BANGLADESH" WITH BRIEF SPEECH DESCRIPTIVE OF PROGRESS ACCOMPLISHED IN RECONSTRUCTION AND INCREASING FOCUS ON DEVELOPMENT. OBSERVED TASK OF REBUILDING NOT YET OVER, ESPECIALLY RECONSTRUCTION IN HOUSING SECTOR. SPECIFIED OBJECTIVE OF DEVELOPMENT PLANNING AS REMOVAL OF POVERTY BY ENSURING
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MINIMUM LEVEL SUPPLY BASIC ITEMS OF CONSUMPTION, WITH MAIN THRUST IN AGRICULTURE SECTOR IN ORDER TO ACHIEVE FOODGRAIN SELF- SUFFICIENCY, WIDEN EMPLOYMENT, AND EXPAND EXPORT EARNINGS. WATER RESOURCES, HEALTH, AND EDUCATION DEVELOPMENT ALSO GIVEN EMPHASIS AND " HIGH PRIORITY" ATTACHED TO POPULATION PLANNING. SOCIO- ECONOMIC INEQUITIES MUST BE REMOVED, TAJUDDIN SAID, NOTING " WE ARE NOT BURDENED WITH AN INHERITED MILITARY ESTABLISHMENT COMPETING FOR DEVELOPMENT RESOURCES".

B. TAJUDDING EXPRESSED THANKS FOR PAST ASSISTANCE, CITING ONLY INDIA BY NAME, AND LOOKED FORWARD TO FUTURE AID FROM DONORS " CONSISTENT WITH SOCIO- POLITICAL GOALS OF BANGLADESH".

C. IN AGREEMENT REACHED ON EXTENSION NEW COMMODITY AID TO BANGLADESH, U. K. HAD BEEN ASSURED TAJUDDIN WOULD INCLUDE IN SPEECH AFFIRMATION OF BDG COMMITMENT TO PROVIDE PROMPT, ADEQUATE AND EFFECTIVE COMPENSATION FOR NATIONALIZED FOREIGN-OWNED PROPERTIES. NO SUCH MENTION MADE IN SPEECH. IN COUNTRY STATEMENTS LATER, U. K. DELEGATE EXPRESSED ASSUMPTION THAT IN THE MUTUAL RELATIONSHIP INHERENT IN FOREIGN AID, BDG WOULD PROVIDE COMPENSATION.

2. STATEMENT BY DEPUTY CHAIRMAN, PC. FOLLOWING ARE MAIN THEMES CONTAINED ISLAM' S ADDRESS (COPIES BEING POUCHED):

A. FIVE YEAR PLAN (FYP). FYP WILL RETAIN ADEQUATE FLEXIBILITY TO ACCOMMODATE RESULTS NEW STUDIES AND SURVEYS UNDERWAY. INTEND IMPLEMENT FYP AS SUCCESSIVE ANNUAL PLANS WHICH WILL BE RE- ADJUSTED AS NECESSARY. AIM IS FOR AT LEAST 6 PERCENT PER YEAR GROWTH WHICH WILL REQUIRE 18 PERCENT PER YEAR RATE OF INVESTMENT. NOTED NEED FOR DRAMATIC IMPROVEMENT DOMESTIC RESOURCE MOBILIZATION. CURRENT SAVINGS RATE OF 6 PERCENT (AVERAGE 10 PERCENT PRE- LIBERATION) MUST GO TO 12 PERCENT BY END OF PLAN; TAX LOOPHOLES MUST BE ELIMINATED; IMPORT TARIFF RATE RATIONALIZED, INCREASED INCOME FROM AGRICULTURE MOBILIZED. ATTACH HIGHEST IMPORTANCE TO EMPLOYMENT OBJECTIVE AS MOST EFFECTIVE MEANS OF REDUCING POVERTY AND INEQUITIES IN INCOME DISTRIBUTION. PUBLIC WORKS AND SMALL SCALE INDUSTRIES CITED.

B. AGRICULTURE. MAJOR THRUST OF FYP BECAUSE NEED TO REDUCE FOOD IMPORTS BUT ALSO FOR INCOME AND EMPLOYMENT IMPACT. CONCENTRATION ON INSTITUTIONAL AS WELL AS INPUT REQUIREMENTS. ANTICIPATE 6 PERCENT ANNUAL INCREASE IN FOOD OUTPUT DURING FYP.

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C. FAMILY PLANNING (FP). ISLAM SPOKE AT SOME LENGTH

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ABOUT CRITICALITY OF POPULATION PROBLEM (HIS STATEMENT WAS IN STARK CONTRAST TO ONE SENTENCE TREATMENT IN EARLIER PRESENTATION TO DONORS). NOTING SADLY THAT THERE IS NO WELL- TESTED AND UNIVERSALLY ACCEPTED FP PROGRAM WHICH HAS PRODUCED SIGNIFICANT RESULTS IN COUNTRY WITH BD' S ECONOMIC AND SOCIAL CHARACTERISTICS AND THAT THERE IS CONSIDERABLE CONTROVERSY AMONG EXPERTS... AS TO MOST APPROPRIATE FP PROGRAM AND ITS COMPONENTS, HE SAID THAT GREATEST BOTTLENECKS ARE LACK OF MOTIVATION AND ABSENCE FIRM DESIRE CONTINUOUSLY PRACTICE FP. OVERALL TARGET DURING FYP IS TO REDUCE TOTAL ESTIMATED NUMBER LIVE BIRTHS FROM 18.7 MILLION TO 17.9. CHARACTERIZING ATTAINMENT OBJECTIVE AS ONE REQUIRING QUOTE MASSIVE EFFORT IN TERMS OF ORGANIZATION AND SUPPLIES END QUOTE, FOLLOWING APPROACHES CITED BUT NOT DETAILED AS KEYSTONES TO POLICY:

1) COUPLE REGISTRATION INVOLVING ONE MOTIVATOR COUPLE FOR EVERY 6,000 PERSONS. HEAVY EMPHASIS ON EVALUATION AND FOLLOW- UP.

2) EXPANSION OF CLINICAL FACILITIES IN THANA HEALTH COMPLEXES.

3) EXPANSION OF PREVIOUSLY URBAN BASED POST- PARTUM PROGRAM TO INCLUDE ALL HOSPITALS AND MCH CENTERS.

4) EDUCATIONAL CAMPAIGN TO MAKE PEOPLE MORE CONSCIOUS OF NEED FOR SMALL FAMILIES.

5) ENSURE INCREASE IN AGE OF MARRIAGE BY IMPROVED EMPLOYMENT OPPORTUNITIES FOR WOMEN.

6) LIBERALIZE ABORTION LAW

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CEA-02 L-03 H-02 CIAE-00 COME-00 FRB-02 INR-10

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7) INCENTIVES TO SUCCESSFUL MOTIVATORS AND TO COMMUNITIES WHICH RECORD DECLINE IN BIRTH RATE.

D. FOODGRAIN IMPORTS. NOTED NECESSITY FOR ARRIVALS IN EARLY MONTHS OF FY 74; NEED FOR CONTINUED IMPORTS THROUGH 1977-78 (FYP TARGET FOR SELF- SUFFICIENCY); IMPORTANCE OF ASSURED SUPPLY AND NEED TO EXPLORE WITH FOOD DONORS POSSIBILITY SOME KIND OF ADVANCE PLANNING FOR FOOD AID.

E. COMPOSITION OF AID. NEED TO MOVE AHEAD EARLY ON PROJECT AID DUE TO LAG TIMES. MADE STRONG PITCH FOR CONTINUED COMMODITY AID ON GROUNDS THAT: (A) STOCKS AND INVENTORIES SEVERLY DEPLETED, (B) REQUIREMENTS FOR SPARE PARTS SPREAD ALL OVER COUNTRY IN BITS AND PIECES, (C) ESSENTIAL WAGE GOODS ARE EXTREMELY SCARCE.

F. QUALITY OF AID. BD NEEDS TIME TO BUILD UP INTERNAL AND EXTERNAL RESOURCES, THUS IDA TERMS MOST APPROPRIATE. RE LOCAL COST FINANCING, NOTED THIS USEFUL BUT BECAUSE TIED TO SPECIFIC PROJECTS SERIOUS LAG TIME PROBLEMS ARISE. COMMODITY LOANS MUCH MORE EFFECTIVE METHOD GENERATING LOCAL CURRENCY.

G. ABSORPTIVE CAPACITY. RATE AT WHICH BDG HAS REACTIVATED PROJECTS IS LOW. CITED FOLLOWING REASONS: (A) PRICE ESCALATIONS, (B) LOSS OF PAST RECORDS, (C) NEED TO REVIEW AND RE- APPRAISE PAST SCHEMES. OPTIMISTIC ABOUT FUTURE ABSORPTIVE CAPACITY

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SINCE POSITC ACTIONS TAKEN AS FOLLOWING: (A) REORGANIZATION OF INSTITUTIONAL STRUCTURE (PARTICULARLY INDUSTRY AND TRADE), (B) PROCEDURES FOR REVIEW OF DEVELOPMENT PROJECTS SET UP, (C) TRANSPORT BOTTLENECKS BEING REMOVED.

H. TECHNICAL ASSISTANCE. EMPHASIZED ORGANIZATION AND MANAGEMENT AND STRENGTHENING OF LOCAL TRAINING FACILITIES. MUST ENSURE THAT QUOTE AVAILABILITY OF EXPATRIATE PERSONNEL UNDER T. A. PROGRAMS DOES NOT BECOME CRUTCH AND REDUCE PRESSURE FOR SELF- IMPROVEMENT OF LOCAL PERSONNEL END QUOTE. TOO FREQUENTLY PAST ACTIVITIES HAVE EMPHASIZED DOING RATHER THAN TRAINING. EVERY PROJECT SHOULD HAVE TRAINING COMPONENT AND USE OF LOCAL CONSULTANCIES SHOULD BE MAXIMIZED.

3. COUNTRY STATEMENTS. IMPORTANT THEMES COVERED IN OPENING STATEMENTS MADE FIRST DAY BY SIXTEEN COUNTRIES AND FOUR MULTI-NATIONAL ORGANIZATIONFJPRESENT OR IN POSITION TO MAKE STATEMENT FOLLOW (SEE SEPTEL FOR FULL TEXT U. S. STATEMENT):

A. AGRICULTURE AND RURAL DEVELOPMENT. ALMOST ALL DELEGATIONS APPLAUDED STRONG BIAS IN DEPUTY CHAIRMAN' S STATEMENT AND BDG PLANNING DOCUMENTS TOWARD NEED TO DEVELOP RURAL ECONOMY. CANADA SET STAGE BY NOTING THAT AMOUNT ATTENTION GIVEN AG SECTOR

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PROPERLY SETS RANGE FOR OTHER PRIORITIES THAT MUST BE ADDRESSED .
IN THIS CONTEXT, REALISTIC TONE OF STATEMENT AND DOCUMENTS ALSO
COMPLIMENTED BY MANY SPOKESMEN.
B. POPULATION. SWEDEN, US, JAPAN, FRANCE, GERMANY, UK,
BELGIUM, AND IBRD EMPHASIZED FAMILY PLANNING/ POPULATION CONTROL AS
MOST SERIOUS PROBLEM CONFRONTING BD AND CENTRAL TO DEVELOPMENT
EFFORT. IBRD HIGHLIGHTED POPULATION AS SECOND OF TWO MAJOR
PROGRAMS
IN WHICH THEY ARE INTERESTED (FIRST PROGRAM RURAL WORKS PLUS
SUPPORT OF AG AND RD PROJECTS).
C. ROLE OF PRIVATE SECTOR. CANADA NOTED THAT PUBLIC SECTOR
POLICY WAS ADDRESSED BUT ASKED THE EXTENT TO WHICH PRIVATE
INVESTMENT WILL PLAY A ROLE IN DEVELOPMENT. FRANCE, JAPAN,
GERMANY, AND UK FOLLOWED SUIT WIOH UK MAKING SPECIAL REFERENCE
TO ITS PROBLEM RE COMPENSATION FOR NATIONALIZED INDUSTRIES. BDG
LATER ANSWER
THAT NEW INDUSTRIAL INVESTMENT POLICY DEVELOPED
WITHIN SOCIO- POLITICAL IMPERATIVES WILL NEAD TO NEW DOMESTIC AND
FOREIGN VJIVATE INVESTMENT. PLANS FOR LARGE SCALE PUBLIC SECTOR
INDUSTRIES BASED ON PRIVATE SECTOR ANCILLARY SUPPLIERS, THEREFORE,
REQUIRING CLOSE COOPERATION BETWEEN TWO SECTORS.
D. QUALITY OF AID. PROVISION BY DONORS OF MOST FAVORABLE
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TERMS POSSIBLE ENDORSED BY SWEDEN, FRANCE, GERMANY, UK, US,
AND BELGIUM.
E. LOCAL COST FINANCING. FOLLOWING US, NETHERLANDS SPOKE
IN FAVOR OF THE BDG' S REQUEST FOR GREATER FLEXIBILITY BY DONORS IN
ALLOWING L/ C FINANCING. ENDORSEMENT IMPLICIT IN SWEDISH
STATEMENT.
F. HEAVY RELIANCE ON EXTERNAL ASSISTANCE. SEVERAL DONORS,
PARTICULARLY SCANDINAVIAN COUNTRIES AND FRANCE, CAUTIONED AGAINST
THE DANGERS OF RELYING TOO MUCH ON EXTERNAL ASSISTANCE. OVER
RELIANCE COULD PREJUDICE DEVELOPMENT PLANNING; IMPOSE HEAVY
DEBT SERVICE BURDEN; AND RESULT IN DONOR COUNTRIES BECOMING
INVOLVED DEEPLY IN INTERNAL AFFAIRS.
G. DEBT. ALL MAJOR DELEGATIONS MADE PASSING BUT FIRM
REFERENCE TO DEBT QUESTION(SEE SEPTELS).
NEWBERRY

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